

INDEPENDENT VERIFICATION REPORT ON THE PARTIAL
NON-FINANCIAL INFORMATION STATEMENT FOR FINANCIAL YEAR 2021

**HIDROCANTÁBRICO DISTRIBUCIÓN
ELÉCTRICA, S.A.U.**

**INDEPENDENT VERIFICATION REPORT ON THE PARTIAL NON-FINANCIAL INFORMATION
STATEMENT OF HIDROCANTÁBRICO DISTRIBUCIÓN ELÉCTRICA, S.A.U. FOR THE
FINANCIAL YEAR ENDED ON 31 DECEMBER 2021**

To the Sole Shareholder of HIDROCANTÁBRICO DISTRIBUCIÓN ELÉCTRICA, S.A.U.:

In accordance with article 49 of the Spanish Commercial Code, we have verified, within a limited assurance scope, the attached Partial Non-Financial Information Statement (hereinafter, partial NFIS) of HIDROCANTÁBRICO DISTRIBUCIÓN ELÉCTRICA, S.A.U. (hereinafter, the Company) corresponding to the financial year ended on 31 December 2021, the information of which is included in a separate report from the consolidated management report of the EDP GROUP, the parent company of which is EDP ENERGÍAS DE PORTUGAL, S.A.

As stated in its management report, the Company has invoked the exemption provided by article 49.6 of the Spanish Commercial Code on the grounds that part of its non-financial information is included in the Annual Report of the EDP GROUP, based in Portugal, the parent company of which is EDP ENERGÍAS DE PORTUGAL, S.A., and to which it belongs. In order to meet the current commercial obligations regarding non-financial information reporting, the Company has prepared the NFIS containing partial information, which is recorded as an appendix titled '2021 Partial Non-Financial Information' to its management report, and which includes, according to the analysis conducted by the Company, the supplementary information required by article 49.6 of the Spanish Commercial Code compared to the information required by articles 19. Bis 1 and 29. Bis 1 of Directive 2014/95/EU. Our work has been exclusively limited to the verification, based on the mentioned analysis of contents, of the information identified in the 'GRI Chart' included in the attached NFIS; we have not conducted any verification procedure whatsoever on the information included in the Annual Report of the EDP Group.

Responsibility of the Board of Directors

The Board of Directors of the Company is responsible for the preparation of the partial NFIS included as an appendix titled '2021 Partial Non-Financial Information' to its management report, as well as the content thereof. The partial NFIS has been prepared pursuant to the provisions contained in the current commercial regulation and in accordance with the criteria of the selected Global Reporting Initiative Standards (GRI Standards) for Sustainability Reporting, and according to what is mentioned for each matter in the 'GRI Chart' included therein.

This responsibility also includes designing, implementing and maintaining the internal control deemed necessary to make sure that the partial NFIS is free from any material misstatement, due to fraud or error.

The Board of Directors of the Company is also responsible for defining, implementing, adjusting and maintaining the management systems from which the information required for the preparation of the partial NFIS is obtained.

Our independence and quality control

We have met the independence requirements and other ethical requirements contained in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence, diligence, confidentiality and professionalism.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and consequently maintains a global quality control system that includes policies and documented procedures related to the compliance with ethical requirements, professional standards and legal and regulatory provisions that may apply.

The team has been made up of professionals specialised in non-financial information reviews and, specifically, in economic and social performance information.

Our responsibility

Our responsibility consists in expressing our conclusions in an independent limited assurance verification report based on the work performed.

We have carried out our reviewing work in accordance with the requirements set out in the current International Standard on Assurance Engagements 3000, 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Guidelines for non-financial information statement verification engagements issued by the Spanish Institute of Chartered Accountants.

In a limited assurance engagement, the procedures that are carried out vary in nature and timing, and they have a shorter length than those conducted in a reasonable assurance engagement; thus, the assurance provided is also lower.

Our work has consisted in interviewing the Management and the various responsible units and areas of the Company that have participated in the preparation of the partial NFIS, reviewing the processes to gather and validate the information presented in the partial NFIS, and implementing certain analytical procedures and sampling tests that are described below:

- Meetings with the staff of the Company to learn about the business model, the policies and the management approaches applied, and the main risks related to those matters, and to obtain the necessary information for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the partial NFIS for financial year 2021 according to the materiality analysis conducted by the Company and considering the contents required by the current commercial regulations.
- Analysis of the processes to gather and validate the data presented in the partial NFIS for financial year 2021.

- Review of the information relating risks, policies and management approaches applied with regard to the material aspects presented in the partial NFIS for financial year 2021.
- Verification, by means of tests, based on the selection of samples, of the information related to the contents included in the partial NFIS for financial year 2021 and its appropriate compilation from the data supplied by the information sources.
- Obtaining of a representation letter from the Directors and the Management of the Company.

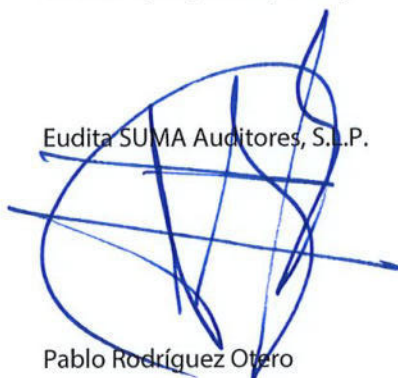
Conclusion

Based on the procedures carried out in our verification and on the evidence we have obtained, no aspect whatsoever has been revealed that leads us to believe that the contents of the partial information NFIS of HIDROCANTÁBRICO DISTRIBUCIÓN ELÉCTRICA, S.A.U. corresponding to the financial year ended on 31 December 2021 have not been prepared, in all material aspects, in accordance with the selected criteria of the GRI standards, as well as with the other criteria described pursuant to what is mentioned for each matter in the GRI Chart of the mentioned Statement. The contents of the mentioned partial information Statement have been established by HIDROCANTÁBRICO DISTRIBUCIÓN ELÉCTRICA, S.A.U. in accordance with the analysis conducted by comparing the non-financial information required by article 49.6 of the Spanish Commercial Code and the information provided in articles 19. Bis 1 and 29 Bis 1 of Directive 2014/95/EU. HIDROCANTÁBRICO DISTRIBUCIÓN ELÉCTRICA, S.A.U. has decided that the latter information will be included in the Annual Report of the EDP Group to which it belongs, and, consequently, the attached partial information NFIS does not include the total contents set out by the current commercial regulations.

Purpose of our report

This report has been prepared to meet the requirement established by the commercial regulations in force in Spain; hence, it may not be appropriate for other purposes and jurisdictions.

Eudita SUMA Auditores, S.L.P.



Pablo Rodríguez Otero

Oviedo, 19 April 2022

INSTITUTO DE CENSORES
JURADOS DE CUENTAS
DE ESPAÑA

EUDITA SUMA AUDITORES,
S.L.P.

2022 Núm. 09/22/00552

Sello distintivo de otras actuaciones

Hidrocantábrico Distribución Eléctrica, S.A.

Hidrocantábrico Distribución Eléctrica, S.A.

Management Report

Appendix- Partial non-financial information 2021

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1. Introduction

Hidrocantábrico Distribución Eléctrica, S.A. has invoked the exemption contained in article 49.6 of the Commercial Code on the grounds of including part of its non-financial information in the Annual Report of the EDP GROUP, based in Portugal, the controlling company of which is EDP ENERGIAS DE PORTUGAL, S.A., and to which it belongs.

In order to meet the current commercial obligations on non-financial reporting matters, the Company has prepared this Non-Financial Statement containing partial information that includes, according to the analysis conducted by the Company, the additional information required by article 49.6 of the Commercial Code, as compared to the one required by articles 19. Bis 1 and 29. Bis 1 of Directive 2014/95/EU.

2021 is the first financial year in which the Company issues a partial Non-Financial Statement, which is the reason why comparative information from previous years is not included.

2. Stakeholders

The management of stakeholders has long been a strategic priority for EDP, which has anticipated the growing openness of companies to society in order to meet increasingly demanding ethical and transparency rules. EDP's management of stakeholders extends to Hidrocantábrico Distribución Eléctrica, S.A.

The relations with the different stakeholders have also acquired an increasing relevance in the corporate world, as one of the ESG (Environment, Social, Governance) pillars, since they have been consolidated as one of the priority metrics for the investor community and the society in general.

EDP's consistency and commitment to this strategy is clearly evidenced by its international recognition as the best-in-class, for the fifth year in a row, in the Dow Jones Sustainability Index' stakeholder engagement and influence on policies criteria.

EDP upholds its commitment to retain the excellence achieved in this sphere, fostering dialogue with its stakeholders, adapting and improving its procedures, and incorporating different opinions in its action plans.

Thus, the management of stakeholders is conducted in accordance with the Stakeholder Relationship Policy of the EDP Group.

This line of action is aimed at building and strengthening relationships of trust, sharing knowledge and relevant information, anticipating challenges and identifying new opportunities for cooperation in the face of the challenges the EDP Group is confronting in all the geographical areas in which it operates.

The four major guiding commitments of the Policy are: to understand, to communicate, to trust and to collaborate. The bases of the Relationship Policy are:

TO UNDERSTAND

Include, identify, prioritise

- We dynamically and systematically identify the stakeholders that influence and are influenced by EDP.
- We analyse and try to understand the stakeholders' expectations and interests in the decisions that directly affect them.

TO COMMUNICATE

Inform, listen, reply

- We commit to promote a two-way dialogue with stakeholders, through information and consultation actions.

Hidrocantábrico Distribución Eléctrica, S.A.

- We listen, inform and reply to our stakeholders in a consistent, clear, rigorous and transparent way, with the aim of forging close, solid and lasting relationships.

TO TRUST

Transparency, integrity, respect, ethics

- We believe that fostering an environment of trust with our stakeholders is crucial to establish steady long-term relationships.

- Our relationship with our stakeholders is based on values such as transparency, integrity and mutual respect.

TO COLLABORATE

Integrate, share, cooperate, inform

- It is our ambition to collaborate with the stakeholders in building strategic joint partnerships and to share knowledge, skills and tools, thus promoting the creation of shared value in a distinguishing way.

The EDP Group's stakeholders are organised into four well-differentiated segments:

1. Value Chain: Employees, Unions, Suppliers, Scientific Community, Customers, Consumer Associations and Business Associations.

2. Market: Competitors, Financial Entities, Shareholders and Investors.

3. Democracy: Government, Public Bodies, Regulatory Bodies, Parliament, Political Parties and International Institutions.

4. Social and Territorial Context: NGOs, Local Communities, Local Authorities, Media and Opinion Formers.

3. Materiality

EDP's materiality analysis process is developed using a cross-cutting methodology common to the entire Group.

A 'Materiality Study' is conducted on a yearly basis in order to identify the most relevant aspects for all the stakeholders, including both positive and negative aspects, either current or in the medium-long term. The main stages of this materiality process are described below:

STAGE 1: UPDATING OF THE MATERIAL TOPICS

Based on cross-cutting sources and material topics from the previous year.

Hidrocantábrico Distribución Eléctrica, S.A.

STAGE 2 - PRIORITISATION OF THE RELEVANT TOPICS FOR THE SOCIETY

Identification of relevant topics for each stakeholder

- Direct sources (direct listening)
- Indirect sources (public information)
- Cross-cutting sources (indices and studies)

STAGE 3 - PRIORITISATION OF THE RELEVANT TOPICS FOR THE BUSINESS

Identification of relevant topics for the business

Through the analysis of:

- Strategic business goals
- Business plans of the strategic areas
- Risk and Opportunity Policies and Management Reports
- Interviews with the Management

STAGE 4 - PREPARATION OF THE MATERIALITY MATRIX

Intersection of relevant topics for Society v Business

Preparation of the Materiality Matrix

STAGE 5 - ANALYSIS OF CRITICAL AND SENSITIVE TOPICS

Main Materiality results

In 2021, 21 categories grouping 60 topics have been identified.

MATERIALITY REPORT

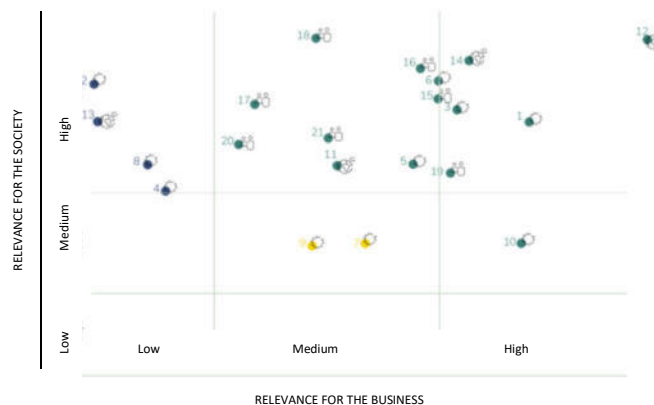
RELEVANT CATEGORIES

The following matrix is obtained from the analysis of the internal and external relevance. The matrix shown below is divided into 9 sections that represent the materiality level in each category.

The most relevant categories on an external level in 2021 have been:

1. Human and labour rights (93%)
2. Climatic changes (93%)
3. Environmental management (89%)
4. Crisis management (88%)
5. Energy infrastructures (86%)
6. Vulnerable customers (86%)
7. Engagement with the local communities (83%)
8. Communication and transparency (82%)
9. Digital transformation (82%)
10. Sustainable mobility (79%)
11. Renewable energy promotion (79%)
12. Customer satisfaction and services (75%)
13. People management (75%)
14. Corporate governance (71%)
15. Innovation and research (71%)
16. Energy efficiency (71%)
17. Safety (70%)
18. Business ethics (67%)

The following matrix is obtained from the analysis of the internal and external relevance. The matrix shown below is divided into 9 sections that represent the materiality level in each category.



The most relevant categories on an internal level in 2021 have been:

1. Climatic changes (98%)
2. Sustainable mobility (80%)
3. Supplier management (79%)
4. Environmental management (71%)
5. Digital transformation (69%)
6. Safety (68%)
7. Engagement with the local communities (67%)

CRITICAL RELEVANCE
(very relevant for the society and the business)

SENSITIVE TOPICS FOR THE BUSINESS
(very relevant for the society and not much relevant for the business)

HIGH RELEVANCE
(medium-high relevance for the business and medium-low relevance for the society)

MEDIUM RELEVANCE
(medium relevance for the society or medium relevance for the business)

LOW RELEVANCE
(low relevance for the society and for the business)

Hidrocantábrico Distribución Eléctrica, S.A.

The matrix is obtained from the analysis of internal and external relevance. It is divided into 9 sections that represent the materiality level in each category. The materiality level is determined by the degree of relevance of each line.

- CRITICAL RELEVANCE (very relevant for the society and the business)
- SENSITIVE TOPICS FOR THE BUSINESS (very relevant for the society and not much relevant for the business)
- HIGH RELEVANCE (medium-high relevance for the business and medium-low relevance for the society)
- MEDIUM RELEVANCE (medium relevance for the society or medium relevance for the business)
- LOW RELEVANCE (low relevance for the society and for the business)

4. Indicators and policies

The most important policies of EDP España as regards sustainability indicators, which extend to Hidrocantábrico Distribución Eléctrica, S.A., are:

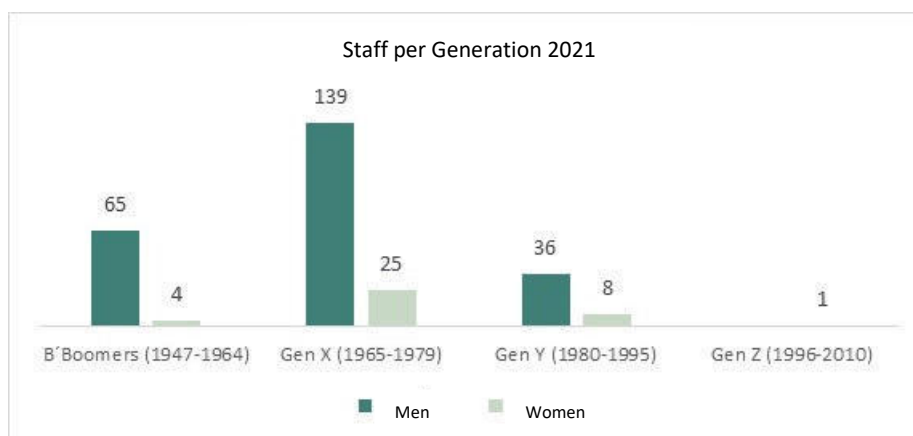
- The Environmental Policy
- The Sustainable Development Principles
- The Stakeholder Relationship Policy
- The Risk Management Policy
- The Occupational Health and Safety Policy
- The Human and Labour Rights Policy
- The Training Policy
- The Sustainable Procurement Policy
- The Diversity Policy

They may be checked on the website www.edp.com

The indicators completing the non-financial information reported by the EDP Group are described below.

Distribution of the staff of Hidrocantábrico Distribución Eléctrica, S.A.

Hidrocantábrico Distribución Eléctrica, S.A. has, as at 31/12/2021, a staff of 278 employees. Aware of the importance of gender diversity, it promotes the effective protection of female talent recruitment, through its Human Resources policies and practices.

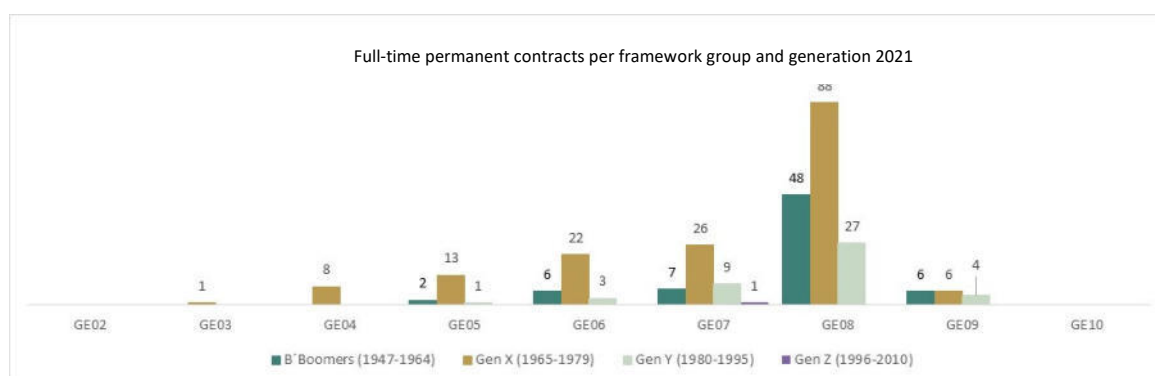


Hidrocantábrico Distribución Eléctrica, S.A.

Annual average permanent, temporary and part-time contracts per age and professional classification

Hidrocantábrico Distribución Eléctrica, S.A. is committed to stability in its recruitment; 100% of its newly-employed staff are under full-time permanent contracts, not existing part-time permanent contracts. Hidrocantábrico Distribución Eléctrica, S.A. has established a system for the professional classification of employees based on professional groups (Framework Groups), comprising, each of them, the professional skills, qualifications and general content of the service provided, and it may include different tasks, duties, professional specialisations or responsibilities assigned to the employee.

Professional Group	
GE1	
GE2	Executives
GE3	
GE4	Managers
GE5	
GE6	Specialists
GE7	
GE8	Support, operational and
GE9	administrative technicians
GE10	



In 2021, Hidrocantábrico Distribución Eléctrica, S.A. has no employees under a part-time permanent contract, nor employees under a temporary contract. This stability in recruitment is combined with the flexible hours offered by Hidrocantábrico Distribución Eléctrica, S.A. in order to achieve a real work-family life balance.

No. of hours of absenteeism

Year	2021
Hours of absenteeism	12,593.25

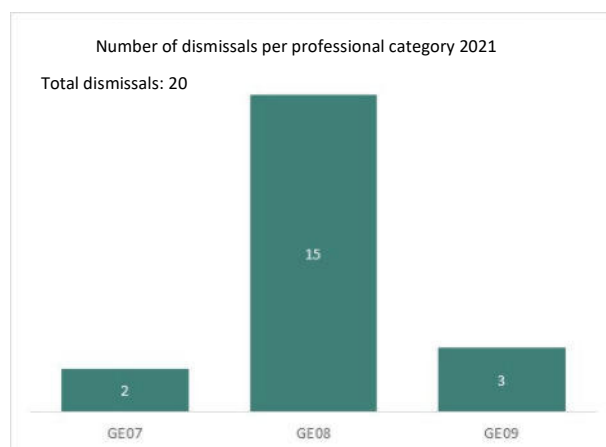
No. of hours of training per professional classification

In the atypical pandemic context of year 2021, the company fostered virtual/online training actions with more appropriate conditions in terms of duration and participants as compared to those of the original face-to-face format.

Hidrocantábrico Distribución Eléctrica, S.A.



No. of dismissals per professional category



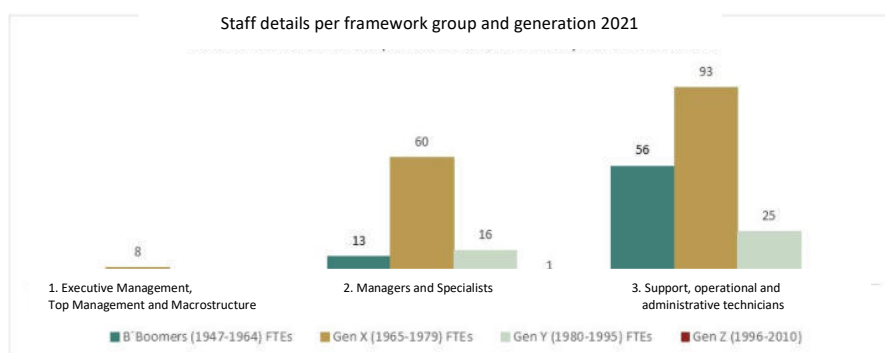
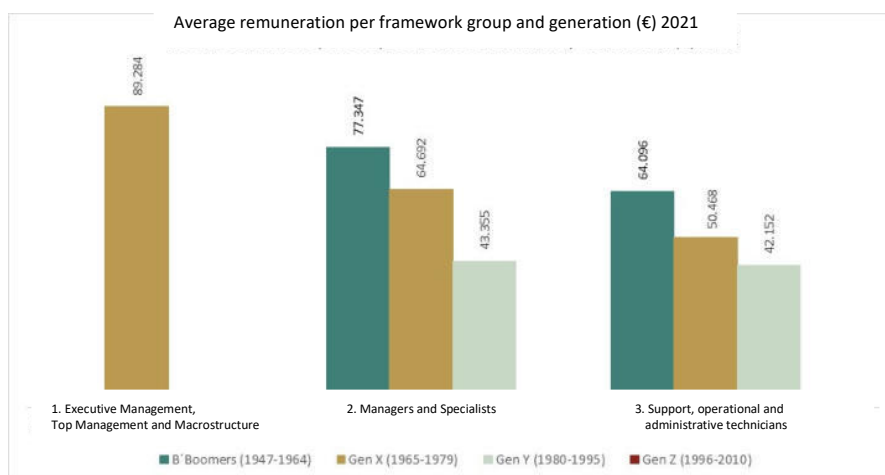
100% of the dismissals belong to the Baby Boomer Generation (1947-1964).

Average remuneration and its development per age and professional classification

In Hidrocantábrico Distribución Eléctrica, S.A., the remuneration of the work is based on the skills, the performance and the dedication of the people that are part our organisation.

We believe that it is a continuous improvement road and, thus, the compensation and benefit system reflects our values and our culture.

Hidrocantábrico Distribución Eléctrica, S.A.



The data regarding the Z Generation are not specified herein for the purpose of not disclosing individual data. Likewise, for the purpose of standardising the figures in the calculation of the Average Remuneration, the people who have not been in the company throughout 2021 and those who were not employed on a full-time basis have been removed thereof.

Pay gap among equal positions

As a principle, Hidrocantábrico Distribución Eléctrica, S.A. has provided the non-existence of a pay gap under the bargaining agreement. Despite the foregoing, there are salary differences resulted from historic remuneration items, associated with age, customs and practices of the energy sector, or from the bargaining agreement in effect at the time of the recruitment, something that tends to disappear as the people from these groups reach the retirement age. In year 2021, the absolute pay gap, without taking into account same-category positions, was 14.26%.

Commitment to the society and to the local communities

Profits earned per country and taxes on profits paid

The profits before taxes entirely earned in Spain are:

2021	€ 130,327,260.06
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As regards the payment related to the tax on profits in 2021, Hidrocantábrico Distribución Eléctrica, S.A. has paid an amount of €25,794,417.05 corresponding to the 2020 corporate tax.

Aid received from the public administration

No relevant subsidies were received in 2021.

5. Goals

In March 2019, the EDP Group established the 2022 sustainability goals and 2030 ambition, which are a revision of the 2020 sustainability goals. In December 2020, the main lines of the new 2021-2025 Sustainability Plan were approved. The 2021-2025 Sustainability Plan extends to Hidrocarbónico Distribución Eléctrica, S.A.

2030 ambition is organised around the ESG criteria and its three main lines – environment, social and governance – on which EDP has been working for the past years, leading the energy transition with carbon-neutral goals, 100% renewable generation, sustainable consumption, innovation and digital transformation, just transition and mitigation of climate risks and resilience, with a positive impact on circular economy, natural capital, biodiversity, sustainable procurement and social policy and diversity.



ESG Outlook 2025-2030

	2020	2025	2030	
 ENVIRONMENT	Revenues aligned with EU taxonomy (%)	58	~70	>80
	Scope 1 & 2 Emissions (gCO ₂ /kWh)	157	~100	0
	Renewables Generation (%)	74	~85	100
	Coal Installed Capacity (%)	8	0	0
	Total Waste (kt)	309	118	30
 SOCIAL	Employee Engagement (top tier company)	✓	✓	✓
	Female Overall (%)	25	30	35
	Accident frequency rate ¹	1.74	1.55	<1
	SDGs Social Investment (EUR Mn) ²	12.4	50	100
 GOVERNANCE	Female on Leadership (%)	25	30	35
	Top Management ESG & equity linked compensation ³	✓	✓✓	✓✓
	Cybersecurity (rating)	800	Keep advanced cybersecurity BitSight rating ⁴	
	Top quartile in ESG rating performance ⁵	✓	✓	✓

1. Number of work accidents per million hours worked (included employees and contractors); 2. Excluding 2020 onwards, values accumulated since 2021; 3. Applicable to Board of Directors and top management; changes in Board of Directors dependent of General Shareholders Meeting; 4. >= 740; 5. Includes DJSI, FTSE4Good, MSCI and Sustainalytics
Note: Includes Viesgo's Peatourist

EDP España 2021-2025 Sustainability Plan

EDP Group’s 2021-2025 global strategy and 2030 ambition, as well as the topics identified as relevant for EDP España in the materiality study, have been considered for the preparation of EDP España’s Sustainability Plan.

The 2021-2025 Sustainability Plan has been approved by the Board of Directors of EDP España Monographic Meeting on Environmental Information as recorded in the minutes of 18 December 2020, and it includes the following initiatives:

1. Clean generation

Reduce the CO2 footprint (scope 1, 2 &3)

Revise the supply chains to reduce the footprint

Offset the emissions of EDP España's activities where it cannot be reduced

2. Sustainable consumption

Initiatives to improve customer satisfaction

Develop the energy efficiency plan in end customers

Develop the business plan for decentralised solar generation

Transfer the CO2 footprint to the customer and offset CO2 emissions

Develop the mobility business plan

Management strategy for the light vehicle fleet

Promote the development of smart grids

3. Innovation and digital transformation

Develop the Innovation Plan

Promote digitisation among employees: training and awareness

Adapt the relationship with customers to the 'Digital customer'

Digitisation of the society: digital gap

4. Circular economy

Implement the circular economy Plan

Reduce water consumption

5. Natural capital

Reduce atmospheric emissions

Action Plans for biodiversity

Develop the Natural Capital Guide and prepare an action plan

6. Diversity and well-being

Implement the diversity policy on the EDP Group in Spain

Promote transparency on equality matters

Initiatives to improve the employees' engagement

Implementation of the Safety Culture Plan and promotion of the preventive performance measure

Design and implement an emotional health plan

Incorporate the new ways of working/teleworking

7. Sustainable procurement

Incorporate Sustainability into procurement: training and monitoring

Develop the supplier's voice: monitor channels and implement the resulting actions

8. Inclusive society

Develop the action plan with local communities

Extend the presence of business expansion in local communities

Implement the Just Transition Plan and support the economic activity and local employment

Develop the Plan of the EDP España Foundation

Align the volunteering actions with the social investment policy of the EDP Group

9. Adaptation and resilience

Implement the climate change adaptation plan

10. Recognition of Sustainability

Spread the Sustainability Plan on an internal and external level

Measure the direct and indirect impact of the actions on Sustainability

Improve the recognition of EDP España as regards ESG values

Revise EDP's positioning vis-à-vis sustainable brands and greenwashing risk

Include EDP's positioning in sustainability in the commercial process

6. GRI chart

EDP ESPAÑA 2021 GRI CHART

Information required by the Non-Financial Information Law	Connection to GRI indicators
Detailed information	
Employment	
Total number and distribution of employees considering criteria representing diversity (gender, age, country, etc.)	102-8 Information about employees and other workers 405-1 Diversity in governing bodies and employees
Total number and distribution of employment contract types, annual average permanent contracts, temporary contracts and part-time contracts per gender, age and professional classification	102-8 Information about employees and other workers
Number of dismissals per age and professional classification	401-1 Newly-recruited employees and rotation of staff
Average remuneration and its development categorised by gender, age and professional classification or equivalent value	102-38 Ratio of total annual compensation 102-39 Ratio of the percentage increase in the total annual compensation

Information required by the Non-Financial Information Law	Connection to GRI indicators
Pay gap, remuneration of equal positions or average remuneration of the company	405-2 Ratio of the base salary and remuneration of women vis-à-vis men
Work's organisation	
Number of hours of absenteeism	403-2 Types of accidents and accident frequency rate, occupational diseases, days missed, absenteeism and number of deaths by occupational accident or disease
Training	
The total hours of training per professional category	404-1 Average hours of training per year per employee
Detailed information	
Company's commitments to sustainable development	
The impact of the company's activity on local populations and the territory	413-1 Operations involving the participation of the local community, impact assessments and development programmes